Consultation Response:

MHCLG Improving enforcement of council tax

Response by the Money Advice Trust

Date: July 2026

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991. Our mission is to help prevent financial difficulty and remove problem debt from people's lives.

In 2025, our National Debtline and Business Debtline advisers provided help to 189,550 people by phone and our digital advice tool, and 53,410 people by webchat, with 2.1 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2025 we delivered this free training to 646 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We welcome the opportunity to respond to the MHCLG consultation on improving enforcement of council tax.

- We want government to put in place a **legal requirement on local authorities to follow statutory steps** or a pre-action protocol to ensure best practice in collections. This should include working with residents and debt advisers to put in place an affordable payment arrangement before taking enforcement action.
- The emphasis should be on a **"support first" approach** for residents, and particularly for people in vulnerable circumstances, that makes it easy for people to ask for help, and that disclosure will lead to practical action as a result.
- There needs to be a greater emphasis on a joined-up approach with **improved data sharing across councils** to help identify residents in vulnerable circumstances and provide the relevant support.
- We think councils should go further and be required to send **at least two reminder notices** before they issue a final notice, including an additional notice that sets out support available.
- We agree that the government **should prescribe mandatory templates** for letters to enable consistency across England. Templates should allow for tailoring so that councils can set out the support offered locally as part of their communications.
- Government should **ensure adequate funding for local authorities** to plan for, and deliver, these changes to enable the changes to be implemented within a reasonable timeframe.

We have set out the further changes we believe to be vital to council tax enforcement. In particular, we believe that government should:

- Increase and ringfence funding for Local Council Tax Support funding to **enable all local authorities to offer 100% Council Tax Support Schemes**;
- Require all councils to **exempt anyone on local Council Tax Support from enforcement action using enforcement agents**;
- Implement provisions to ensure regular **uprating earnings thresholds are used for Attachment of Earnings Orders;**
- **Reconsider the decision not to abolish the sanction of imprisonment in England.**

Responses to individual questions

Question 1: How many reminder notices (including discretionary reminder notices) did you issue to households ahead of a final notice for 2025-26? Please provide any further details of the notices you provide e.g. how and when these are sent.

We will leave this question for local authorities to answer. As a debt advice charity, we do not have any data to share on the frequency of reminder notices.

Question 2: Do you agree that one reminder notice and one final notice should be the minimum requirement for councils?

- ✓ **No: councils should be required to send at least 2 least reminder notices before they issue a final notice.**

We believe that councils should be required to send *at least* two reminder notices before they issue a final notice. We think councils should go further, otherwise they will default to one reminder notice and one final notice, which we do not believe is adequate. A recent survey of Citizens Advice advisers found 82% of advisers think councils should send 2-4 reminder notices within 63 days after a missed payment before taking enforcement action.[1]

We do not think that two reminders will be sufficiently tailored to the needs of individual households where a variety of communications will be required. Councils need to consider how to communicate in other ways as people do not always receive or respond to standard communications by post. These could include text, email and online portals, with personalised follow up.

There should be a requirement for at least one additional softer reminder which is purely support focussed. This should emphasise the practical support available to residents to help them with their council tax arrears, including access to free debt advice, how to claim Local Council Tax Support and discounts, income maximisation services, and how the council can help put an affordable repayment in place that reflects their circumstances.

Local authorities should be required to design their communications to be clear, accessible and in plain language. There should also be a requirement to provide multiple contact options including phone, online, email and face-to-face support.

[1] The statistic is drawn from survey of 260 local Citizens Advice advisers undertaken in June 2026, with 105-116 advisers responding to questions relating to council tax debt collection and enforcement.

Whilst we favour standardised plain English content where possible, we appreciate that supportive communications need to be tailored for local circumstances. A series of good practice templates should be in place for local authorities to adapt in guidance. The Welsh Government Council tax collection framework is both clear and comprehensive and we would suggest it is an excellent example to follow in England.[2]

Question 3: What other information, if any, should be included in the reminder notices. Please tick all applicable from below.

- ✓ **Signpost to debt advice providers.**
- ✓ **Signpost to councils to discuss payment plans.**
- ✓ **Signpost to information about discounts, exemptions, disregards reductions and other support for which a taxpayer may be eligible. Include a link on information on support in the system.**
- ✓ **Signpost to other money and welfare services within the council.**

We think it is vital that all the information listed should be included in reminder notices. When outlining options for setting up payment plans, councils should stress that there are affordable payment options that can be put in place, that take account of circumstances.

We would like to see a requirement to stress support for people in vulnerable circumstances, that makes it easy for people to ask for help, and that disclosure will lead to practical action as a result.

It is important to ensure that councils have accessible ways for people to contact them according to their needs. There is clearly little point in offering help if there is no way for people to engage effectively once they have been signposted to support.

Councils vary in how they treat people with council tax arrears with some adopting best practice in collections, and some councils taking a less progressive approach. There needs to be a cultural change in attitude so that all local authorities to respond to both residents and debt advisers where they have been signposted or referred for advice. As well as making it easy to contact the council, collections teams should be systematically agreeing affordable payment plans that are offered as a result of debt advice and accepting offers of payment using the Standard Financial Statement (SFS). If there is no “closing the advice loop” then the signposting wastes time and resources and does not resolve the situation for anyone who has “done the right thing” and followed the course of action suggested by their local authority.

Our research found strong support for improvements to council tax collection practices. Among people in England who expressed a view, more than two thirds (68%) think their local council should be doing more to help people who are struggling to pay their council tax bill. Just 7% think their local council should be doing less.

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[2] Welsh Government (2026) [Council Tax collection framework: guidance for local authorities [HTML] | GOV.WALES]

Of those who think their local council should be doing more, half (52%) think their local council should improve communication and advertising about the support available. Furthermore, half (49%) think their local council should do more to signpost people who are struggling to pay their council tax to charities and other organisations that can help.[3]

Additional research by StepChange Debt Charity found that councils may focus on enforcement action at the expense of properly signposting individuals to debt advice and informing them of available payment arrangements.[4]

Question 4: The government is proposing that reminder notices and final notices should set out the actions that councils may take to enforce council tax debt in simple, factual, non-threatening language and proportional to the level of notice.

For example, information on reminder notices should focus on encouraging taxpayers to seek help with their bills, while more detailed information on formal enforcement actions should be reserved for the final notice.

Do you agree with this? Please share any best practice on how you approach this.

As we have said, there should be a requirement for at least one softer reminder which is purely support focussed. We do not believe it is appropriate for this type of reminder to list potential enforcement actions that can be taken.

We do not accept that reminder notices should include potential enforcement action in any detail. At this stage, notices should concentrate on supportive messaging that encourages engagement and for people to seek help with their bills rather than using any threatening or punitive language.

We agree that final notices should set out the actions councils may take to enforce council tax debt. It is key however, that this information should be carefully framed to ensure it is set out in a simple and non-threatening way and sets out the “next steps” that the council may take to collect the arrears rather than all the possible legal outcomes, however unlikely.

We do not believe that final reminder notices should include reference to unusual consequences of non-payment, such as imprisonment, or charging orders or bankruptcy at this stage. We have seen how such information, whilst factual, can be delivered in a way that is threatening and intimidating. StepChange Debt Charity recent research[5] showed that one in twenty councils in England directly reference prison in their initial letter to residents in arrears, despite the overall likelihood of imprisonment for non-payment of council tax being very low.

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[3] Nationally representative research of UK adults, commissioned by the Money Advice Trust and conducted by YouGov Plc. Sample for these findings are 1,465 adults in England who expressed a view on this question (i.e. excluding ‘Don’t know’. Fieldwork undertaken between 19th – 20th August 2025. The survey was carried out online. The figures have been weighted and are representative of all UK adults.
[4] StepChange Debt Charity (2026) Clear, Fair, Understandable?
[5] StepChange Debt Charity (2026) Clear, Fair, Understandable?

Again, the Welsh Government Council tax collection framework guidance provides useful examples of good practice from local authorities encouraging ongoing engagement, and agreeing repayment plans. It states that communications at liability order stage should:

“Clearly outline next steps and consequences: explain the purpose of the summons, what a liability order is, and the potential outcomes such as additional court costs, enforcement action, or deductions from earnings or benefits. Explanations should be written in plain, supportive language to help residents understand the process and encourage contact.”

We understand that a ‘support-first’ approach has been well received in some areas, resulting in better repayment rates. Barking and Dagenham council tested a new approach for people who had multiple council debts (including council tax) and additional vulnerabilities (such as a mental health condition). Instead of the usual collection route, they piloted a support offer (via text and call). The approach proved successful, with the support-first approach actually leading to additional money being generated in repayments, and reduced enforcement action against this group.

Question 5: Should the government prescribe a template to use for these letters to enable consistency across England?

- ✓ **Yes: there should be a mandatory template, with its use set out in regulations.**

Yes, we agree that the government should prescribe mandatory templates for letters to enable consistency across England. The StepChange report looked at examples of communications across local authorities in England following a freedom of information request.

“This research found that communications differ wildly by local authority. Not only do they differ, unsympathetic or oversimplified messaging is worryingly common in the absence of binding guidance from central government on the framing of recovery communications.”

The fragmented support landscape is confusing and unhelpful. This is an opportunity for government to use best practice models and use co-design principles with residents. The outcome should be to create templates that work for people in practice, across the entirety of England, and combine simple English principles with what has been established to work best in modern communications techniques.

Templates should of course allow for tailoring so that councils can set out the support offered locally as part of their communications – but the tailoring aspect, or the ability to personalise, should be limited to this to not undermine the mandatory template.

Question 6: Do you agree with the proposal as set out above?

- ✓ **Yes.**

We welcome these proposals to change the timeframe for when councils may issue a final notice for missed payments. We very much agree with the intentions behind this change to give people additional time to arrange payments on their arrears with their council before the any further enforcement action can be taken.

We think that this extra time will give people more time to engage with debt advice agencies, and for people in vulnerable circumstances to receive support. In particular, it is vital that people who need face-to-face debt advice have time to access this as there are limited resources in the sector.

This move would also attract strong public support – over half (54%) think their local council should give people more time to repay council tax debts.[6]

Question 7: What barriers do councils anticipate in implementing the proposed changes to reminder and final notices as set out above?
Please tick all applicable from below:

- ✓ **Need for additional staff training or capability.**
- ✓ **Changes required to IT systems or digital processes.**
- ✓ **Additional administrative complexity.**
- ✓ **Additional costs to the council (e.g. additional staffing costs).**
- ✓ **Difficulty aligning the proposed changes with existing recovery processes.**
- ✓ **Data-sharing or information-sharing constraints.**
- ✓ **Communications or accessibility barriers.**

We would expect that these will all be barriers that will constitute very real challenges for individual councils. We agree that these are challenges that need to be addressed in order for the changes to work in practice.

We would suggest that ensuring adequate funding for local authorities to plan for, and deliver, these changes would be required to enable the changes to be implemented within a reasonable timeframe.

[6] Nationally representative research of UK adults, commissioned by the Money Advice Trust and conducted by YouGov Plc. Sample for these findings are 1,465 adults in England who expressed a view on this question (i.e. excluding 'Don't know'. Fieldwork undertaken between 19th – 20th August 2025. The survey was carried out online. The figures have been weighted and are representative of all UK adults.

Question 8: Which of the following policy options do you feel could have a positive impact in supporting taxpayers with their council tax payments?

- ✓ **Offering alternative repayment arrangements (e.g. setting up voluntary deduction plans with employers).**
- ✓ **Flexible payment options (e.g. agreeing bespoke payment plans like weekly payments).**
- ✓ **Using tailored and alternative sources of communication (text, phone, emails, post).**
- ✓ **Conducting welfare checks.**
- ✓ **Referral and handover to in house or external debt advisors.**
- ✓ **Signpost to money advice services and debt advice providers.**

We are very much of the view that these proposals should form required statutory steps that local authorities must take before seeking a liability order or moving to enforcement.

We believe that all these proposals, with the exception of the alternative repayment arrangement suggestion, would have a positive impact on supporting taxpayers with their council tax payments.

We are not clear how councils would be able to put in place alternative repayment arrangements with employers. Councils do not have the power to set up attachment of earnings orders at the pre-liability order stage, so there would then need to be agreement on affordable payment levels with employers and employees.

The current thresholds for attachment of earnings are extremely out of date and not fit for purpose and we would not support using these thresholds as an equivalent measure unless they were updated and automatically updated in future. Any agreement between councils and local employers would need to be an extremely flexible and voluntary, as councils have no powers to ensure that the arrangement is adhered to. There might be a difficulty for the council in resourcing such arrangements, unless they are at scale with employers. We would have thought that given such an arrangement would be voluntary in nature, it would be more straightforward for people to set up a payment arrangement directly with the council.

Additional statutory steps should be taken as set out below:

- Councils should agree **flexible payment plans** with their residents that extend beyond the financial year.

- Councils should be required to **send tailored communications** as these would have a positive impact on people who are struggling to pay their council tax.

- Councils should be required to **conduct welfare checks**, including the positive use of other data on individuals held within that local authority to ensure residents in vulnerable circumstances are protected, and income maximisation exercises carried out.

- In addition, we note that many local authorities **partner with specialist firms** such as Policy in Practice[7] and Welfare Together[8] to help with data and to provide early intervention support, help with income maximisation, and support for people in vulnerable circumstances. This is a model that local authorities could learn from more generally to ensure they provide sufficient support to residents.

- Councils should put in place **warm referrals to in-house debt teams and external debt advice charities** as a matter of course. However, any such arrangements should require councils to negotiate with the debt advice provider, and to accept affordable payments following debt advice. They should, for example, accept offers of payment using the Standard Financial Statement (or often referred to as the SFS).

- **Signposting to debt advice charities** should be a standard requirement as part of all communications that councils send out on council tax.

- Local authorities should be required to consider **debt write-off processes** of their own volition, as well at the request of debt advice charities and residents themselves. **Section 13A of the Local Government Finance Act 1992** allows for local authorities to use their discretion to reduce the bill in part, or to zero; and to apply the discretionary reduction to: the current year's bill; and/or the previous years' arrears. This might be on the grounds of severe financial hardship, or difficulty paying due to exceptional circumstances.

- In addition, where someone is claiming Pension Credit or Universal Credit, there **should be an automatic application mechanism to claim Local Council Tax Support.** At the very least, government should introduce a prescribed single application form in a common format which must be used by each council.

- Local authorities should be funded to **provide Council Tax Support schemes that cover 100% of council tax bills** for eligible residents in each local authority to end the postcode lottery in England and match the national schemes in Wales and Scotland.

[7] Empowering local authorities with data insights
[8] Welfare Together

- Councils **should exempt people receiving Local Council Tax Support from bailiff action**. People receiving this have already been identified as requiring additional support through locally determined criteria, and it is therefore highly unlikely they will be able to repay quickly or in full. Exempting them from bailiff action is therefore a logical step, and demonstrates the council's commitment to supporting residents facing financial difficulty

We recommend that all local authorities should introduce a **formal vulnerability policy** – either as a standalone document or in the form of specific and detailed provisions in a broader debt collection or corporate debt recovery policy. This should include identifying vulnerable residents and amending collections processes accordingly. Policies should be published and reviewed regularly and should be accompanied by staff training.

Question 9: Please provide examples of existing practices in your local authority which supports taxpayers with their council tax debt.

As a national debt advice charity, we cannot provide examples of existing practices in our local authority. However, we are aware of good practice examples that we can share.

For example:

- Runnymede Borough Council launched a Corporate Debt and Financial Inclusion programme, combining a single customer debt view, improved data analysis and income maximisation support. This enabled more tailored debt collection and helped residents access unclaimed benefits. Early pilot results showed higher collection rates, fewer defaults and £50,000 in additional revenue over 12 months, covering the cost of the software and staffing.[9]

- Barking and Dagenham Council piloted a new approach for residents with multiple council debts and additional vulnerabilities, such as mental health conditions. Rather than following standard collection processes, the council offered tailored support through calls and text messages. The pilot increased repayment levels while reducing the need for enforcement action.

- 34 councils in England currently exempt recipients of Local Council Tax Support from bailiff action, recognising that those on low incomes may struggle to meet council tax payments.

- Hammersmith & Fulham Council introduced an Ethical Debt Collection Scheme in 2017 to reduce reliance on bailiffs, prevent residents from falling into debt, and deliver better value for public funds. In April 2018, the council ended the use of external bailiffs and adopted a more supportive approach based on Financial Conduct Authority (FCA) standards.

[9] LGA and Runnymede Council (2024) *Holistic approach to debt recovery case study*

Question 10: What other practices do you think councils should consider, which could be included in the guidance?

We have agreed with the suggested practices in our answer to question 8. However, as we have said, we believe these should form statutory steps that councils must take before they can move to a liability order and enforcement action rather than guidance.

We agree that the proposals identified in the paper would be welcome as part of the statutory steps proposed.

"This could include things like additional engagement with non-responsive taxpayers, tailored communication approaches, house visits to non-responsive taxpayers, warm handover to debt advice organisations and processes for identifying and responding to taxpayer vulnerability."

However, these need to be well referenced in any guidance and not left open to individual interpretation by councils. For example, it is important to explain clearly what a "tailored communication approach" might consist of to ensure consistency and fairness across councils.

We would also be keen to see councils exempting people receiving Local Council Tax Support from bailiff action. People receiving this have already been identified as requiring additional support through locally determined criteria, and it is therefore highly unlikely they will be able to repay quickly or in full. Exempting them from bailiff action is therefore a logical step and demonstrates the council's commitment to supporting residents facing financial difficulty.

We recommend that all local authorities should introduce a formal vulnerability policy – either as a standalone document or in the form of specific and detailed provisions in a broader debt collection or corporate debt recovery policy. This should include identifying vulnerable residents and amending collections processes accordingly. Policies should be published and reviewed regularly and should be accompanied by staff training.

Question 11: What challenges do councils face in identifying vulnerability or hardship at pre-enforcement stage?

- ✓ **Limited data on households and data-sharing constraints.**
- ✓ **Reliance on self-disclosure, meaning vulnerabilities go unreported until enforcement begins.**
- ✓ **Difficulty distinguishing between temporary and long-term financial vulnerabilities.**
- ✓ **Capacity and resource constraints of the council which mean they are unable to effectively engage at an early stage.**
- ✓ **Language and accessibility barriers.**
- ✓ **Digital exclusion leading to low engagement.**

We would expect all these elements to be concerns for local authorities in assessing and assisting vulnerability and hardship. There needs to be a greater emphasis on a joined-up approach with improved data sharing across departments within councils and externally to help identify residents in vulnerable circumstances and provide the relevant support. Again, there are expert firms who can help with identifying and targeting specific vulnerable groups in the council area.

There is a wealth of research into identifying vulnerability in the financial services and regulated utility sectors which are transferable to local council tax collections.[10] It is vital that councils learn from other sectors, to look at what works in practice and how this can be applied locally.

We understand the challenges associated with resident engagement and identifying vulnerabilities, but councils must be proactive in establishing people's circumstances where at all possible. From our research, we know that 58% of councils in England say they will conduct an assessment of vulnerability before seeking a liability order. But in the majority of cases, the council said they would only do so if a resident proactively got in touch to ask for this.[11]

This point is further demonstrated by our polling we conducted last year - just 14% of National Debtline and Business Debtline clients who had an additional vulnerability said their council took their personal circumstances, including any vulnerabilities, into account when dealing with their council tax debt.[12]

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[10] Money Advice Trust (2025) Disabled and vulnerable consumers: what support needs can firms meet?
Money Advice Trust (2025) What support can firms give disabled consumers and people in vulnerable situations guide
Vulnerability resources | Money Advice Trust | Money Advice Trust

[11] Money Advice Trust and Centre for Social Justice FOI of councils in England

[12] Money Advice Trust survey of 802 people helped by National Debtline and Business Debtline between October 2024 – July 2025, who had council tax debt. Fieldwork conducted online, in August 2025

Question 12: What information or evidence do councils currently use at the pre-enforcement stage to assess whether a household is unable or unwilling to pay their council tax bill?

- ✓ information provided directly by the household, including contact from the taxpayer or their representative
- ✓ previous payment history and patterns of non-payment
- ✓ information already held by the council, including records of council tax support or other local authority services
- ✓ information shared by other public bodies or partner organisations
- ✓ indicators of non-engagement, including repeated non-response to council communications
- ✓ professional judgement based on caseworker experience

Question 13: What other tools or flexibilities would assist councils in distinguishing between households experiencing genuine hardship and those who are deliberately not paying at the pre-enforcement stage? Please explain

Question 14: What additional tools or flexibilities would assist councils in dealing with those who are considered to be deliberately choosing not to pay their council tax bills? Please explain.

We have decided to answer questions 12, 13 and 14 together.

We would expect councils use all the information and evidence listed in question 12 in order to help with its decision making on how to recover council tax against an individual.

However, we do not recognise the characterisation of people as being unwilling to pay. As a debt advice charity, we do not generally hear from clients who are refusing to pay their bills or evading payment, and we suspect that their existence is exaggerated. For the small number that are genuinely refusing to pay, there are measures in place for those residents such as the intention from the Ministry to retain the imprisonment aspect for use in these cases.

In our view, people characterised as refusing to pay are likely to be vulnerable and not engaging or responding to communications as they are overwhelmed and frightened. This describes the clients that we see at National Debtline.

We work with people who are vulnerable, in a multiple debt situation, and who are struggling to pay their household bills. Many people have an income that is too low to cover their household bills, and who are in need of advice on maximising their income, and support from their council, rather than the threat of punishment.

We have illustrated this point by setting out our typical client profile below.

- Among the people we helped at National Debtline in 2025, **on average they owed a total of £9,125 across six debts.**
- **46% had a negative budget**, meaning their income was not enough to cover their essential expenditure.
- Almost half (46%) of the people we helped were in some form **of employment**, of which 28% were working full-time.
- 15% were unemployed but seeking work, while 31% were **unemployed** and not seeking work – mainly people out of work due to **illness or disability.**
- 6% of people we helped were **retired** and 2% were **students**.
- **A quarter** of National Debtline clients (25%) have **council tax arrears**.
- The majority (68%) of these have an **additional vulnerability** on top of their financial difficulty.
- Among this group, the most common reason for debt was the **impact of a life event** (29%) – such as losing their job - while one in five (22%) had fallen into debt due to **not having enough money** to cover basic costs.
- 16% had fallen into debt due to the impact of **a mental or physical health condition.**

Once someone has sought debt advice, this is a great step forward. This should be treated as such by local authorities who should accept offers of payment backed up by a financial statement where this is made by debt advice charities, or directly from the clients themselves after receiving debt advice. Too often, we see offers of payment being refused, despite it being clear that this is all that someone can afford in their financial situation or they are in vulnerable circumstances and need extra support.

Overall, it is not useful for local authorities to take further action against people who are in vulnerable circumstances and cannot afford to pay their council tax arrears. We do not agree that it is a useful exercise to enforce against people in such situations, as this adds further costs and additional stress, and is unlikely to achieve a better outcome for the council.

We cannot see what argument there is to provide local authorities with further tools to deal with people who "*are considered to be deliberately choosing not to pay*", as the government has already ruled out abolishing the ultimate threat of imprisonment as part of council tax enforcement in England.

We do not support the retention of imprisonment as an enforcement tool. However, as this is in place still, we cannot see what additional threats are required. The enforcement regulations already provide for enforcement using bailiffs, deductions from earnings, deductions from benefits, charging orders, bankruptcy and imprisonment – and we feel this goes too far already.

Question 15: What impact, if any, do you think the proposed changes will have on councils' ability to collect council tax effectively?

Please provide evidence where possible, including any anticipated impact on recovery timelines, in-year collection rates, taxpayer compliance, and administrative burden.

Our evidence shows a correlation between taking a more supportive approach to council tax collection and positive impacts on people experiencing problem debt.

While there are certainly steps councils can take to better support residents, we recognise the huge financial pressure many of them are under. The change we need to see must therefore be driven by central government, who need to support councils through both the regulatory and funding regimes, to take a more supportive approach to council tax recovery. Such changes could be implemented relatively easily, and would command strong public support, bringing the council tax collection system into line with the reality of growing council tax arrears and increasingly stretched incomes for many households.

With that in mind, we don't envision any negative impact on councils' ability to collect council tax effectively. Allowing residents to pay debt back beyond the current in-year collection will surely lead to more debt being collected. Greater repayment flexibility to make it easier for people to pay back over a longer period should result in better outcomes for residents. The sea change in the support provided to residents, will lead to a better local council understanding of their residents and their needs.

Question 16: Please use this section to share views on anything else, related to changes to council tax collection and enforcement, which you feel has not been covered.

Whilst welcome, this current consultation is very limited in scope and MHCLG should go a lot further. It does not address many of the concerns that the debt advice sector has raised in our various responses to the original MHCLG consultation on reforming council tax collections.[13]

As set out in our original consultation response, we believe there are other vital measures that should be put in place.

- We recommend that all local authorities should introduce **a formal vulnerability policy** – either as a standalone document or in the form of specific and detailed provisions in a broader debt collection or corporate debt recovery policy. This should include identifying vulnerable residents and amending collections processes accordingly. Policies should be published and reviewed regularly, and should be accompanied by staff training. Only 58% of councils in England say they will conduct an assessment of vulnerability before seeking a liability order.[14]

[13] Money Advice Trust (2025) Modernising and improving the administration of council tax consultation response
[14] Money Advice Trust (2026) Lost in the System report

- **Require local authorities to follow statutory steps** or a pre-action protocol to ensure best practice in collections. This should include working with residents and debt advisers to put in place an affordable payment arrangement before taking enforcement action.

- Councils must be proactive in establishing circumstances. There needs to be a greater emphasis on a j**oined-up approach with improved data sharing** across council departments to help identify residents in vulnerable circumstances and provide the relevant support.

- Extend the ability of councils to **accept repayments that go beyond the financial year** as this is unnecessarily restrictive and impacts the ability of people to make affordable payment arrangements.

- We believe it is vital that central government increases, and ringfences, funding for Local Council Tax Support funding **to enable all local authorities to offer 100% Council Tax Support Schemes**. Setting minimum parameters for local council tax schemes, including a requirement to offer 100% support to a group of eligible working age residents (as is currently the case for people of pension age) is likely to significantly reduce council tax arrears in future. Ideally, the government would set minimum parameters for the scheme (accompanied by a suitable level of funding) as exists in Wales which covers the council tax bill in full for people within the set capital and benefits requirements across Wales.

- Require local authorities to **consider other payment mechanisms** such as deductions from benefits or attachment of earnings orders ***before*** resorting to referral to enforcement agents. This will require local authorities to see the use of enforcement agents as a last resort in collections rather than the first or default option, (which currently just saves costs for the local authority and transfers these to the enforcement firm). This will also minimise the additional costs added to the debt burden by enforcement fees.

- All councils should **exempt anyone on local Council Tax Support from enforcement action using enforcement agents**. This should be taken as evidence that people do not have the ability to pay, and alternative arrangements need to be put in place. 34 councils in England currently exempt local Council Tax Support recipients from bailiff action, in recognition that their financial situation makes it likely they may struggle to afford their bill.

- Councils should not be using enforcement agents by default as a collection method. Where there is an enforcement firm contract, this should be with **Enforcement Conduct Board accredited firms only**.

- Implement provisions to ensure **regular uprating earnings thresholds are used for Attachment of Earnings Orders.** We would support this being built in as an automatic annual update to the thresholds to prevent the thresholds falling behind real earnings and cost of living rises.

- Finally, and most significantly, we would like to see government **reconsider the decision not to abolish the sanction of imprisonment in England**, which does not apply in Scotland and has been abolished in Wales. We have significant concerns about the retention of the sanction of imprisonment for non-payment of council tax, and believe it is a disproportionate sanction, incompatible with a modern council tax system. We would strongly urge the Government to act to remove the sanction of imprisonment for non-payment of council tax.

Question 17: Do you have any views on whether these changes will have any disproportionate impacts on any particular groups with protected characteristics compared to others?

We would expect there to be a disproportionately positive impact on groups with protected characteristics, as particular groups are more likely to experience debt and be impacted by vulnerable circumstances.

With reference to our own data, and to help set the scene, a quarter of National Debtline clients (25%) have council tax arrears. The majority (68%) of these have an additional vulnerability on top of their financial difficulty.

We found that particular groups with protected characteristics have less of an understanding of the Council Tax Support environment. Half (49%) of adults in England have not heard of Local Council Tax Support, and a further quarter (23%) have heard of it, but don't know anything about it. Even among groups who are more likely to be eligible for this support, awareness of Local Council Tax Support schemes is low. This is worrying, given that these groups should, and need to, have greater awareness of the support they may be entitled to. For example, only one in ten people with a long-term health condition or disability (9%) said they have heard of Local Council Tax Support and know a lot about it. While awareness is slightly higher among people receiving Universal Credit, still a quarter (26%) have never heard of it. A further one in five (19%) have heard of it but don't know anything about it.[15]

In a similar vein, our research found an estimated 1.37 million people in England (3%) have missed a council tax payment in the last 12 months. Certain groups are more likely to have missed a council tax payment in the last 12 months. People receiving Universal Credit were five times more likely, people receiving disability benefits were three times more likely, as well as those living in social housing being three times more likely.[16]

The current council tax collection process fails to recognise the financial situation of most people with council tax arrears, who are concentrated among lower-income households and those with characteristics of vulnerability. Therefore, it is vital that any changes are understood by everyone, including particular groups with protected characteristics.

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[15] Nationally representative research of 4,325 adults in England, commissioned by the Money Advice Trust and conducted by YouGov Plc. Fieldwork undertaken between 20th - 22nd August 2025. The survey was carried out online. The figures have been weighted and are representative of all adults in England (aged 18+).

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